

2005 DRAFTING REQUEST

Bill

Received: 11/10/2004

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Neal Kedzie (608) 266-2635

By/Representing: Dan Johnson

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - dedct/sbtrct

Extra Copies:

Submit via email: YES

Requester's email: Sen.Kedzie@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase the individual income tax personal exemption for older taxpayers

Instructions:

See Attached. Redraft 2003 SB 47, LRB 1413/1

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 11/10/2004	wjackson 11/23/2004					State Tax
/1			rschluet 11/23/2004		lnorthro 11/23/2004	lnorthro 12/07/2004	

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FE Sent For:

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11 MES 11/10/04

FE Sent For:

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Shovers, Marc

From: Johnson, Dan (Legislature)
Sent: Monday, November 01, 2004 12:16 PM
To: Shovers, Marc
Subject: Drafting requests: retirement tax bills

November 1, 2004

Dear Mark,

Please accept this e-mail as my formal request to redraft 2003 Senate Bill 160, with one modification - the applicability date. I would like to set the initial applicability for tax year 2006, and then for it to be phased in over the subsequent four years (2007, 2008, 2009, 2010). I would also like to request draft legislation for a Social Security income tax exemption bill, similar to 2003 Assembly Bill 167.

However, I believe this legislation should be phased-in as SB 160 was phased in, if that is possible. I am not sure if this can be done in the same fashion, but my intent is to gradually reduce the tax over a five year period, eventually getting to complete exemption. Currently, it is 50 percent benefits taxed after reaching a certain income level, and I'm wondering if it might be simpler to incrementally lower that percentage rather than adjust the dollar amounts. For example, 40% in tax year 2006, 30% in tax year 2007, 20% in tax year 2008, 10% in tax year 2009, and then complete exemption by 2010.

In addition, I would like to request a re-draft of 2003 Senate Bill 47. Thank you and if you have any questions, please contact Dan Johnson in my office.

Sincerely,

Neal Kedzie
State Senator
11th Senate District

2005 **2003 SENATE BILL 47**

LPS: Please proof amended
stats. w/folio

February 26, 2003 – Introduced by Senators KEDZIE, A. LASEE, S. FITZGERALD, KANAVAS and LEIBHAM, cosponsored by Representatives GUNDRUM, KRAWCZYK, TURNER, BIES, LOEFFELHOLZ, MUSSER, PETROWSKI, OWENS, AINSWORTH, MCCORMICK, KREIBICH and GUNDERSON. Referred to Joint Committee on Tax Exemptions.

- 1 **AN ACT to amend** 71.03 (2) (a) 1. and 71.05 (23) (b) 3.; and **to create** 71.05 (23)
- 2 (b) 4. and 71.05 (23) (b) 5. of the statutes; **relating to:** increasing the amount
- 3 of the individual income tax personal exemption for certain older taxpayers.

Analysis by the Legislative Reference Bureau

Under current law, an individual income tax personal exemption exists in the amount of \$700 for each taxpayer who is required to file an income tax return and \$700 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household. A taxpayer may also claim a \$700 exemption for each dependent for whom he or she is entitled to claim an exemption under the Internal Revenue Code. In general, an additional exemption of \$250 may be claimed by a taxpayer who has reached the age of 65 before the close of the taxable year to which his or her tax return relates. *may claim an addition*

This bill increases the additional exemption that may be claimed by taxpayers who reach the age of 70 or 75 before the close of the taxable year to which his or her tax return relates. Under the bill, in general, an additional exemption of \$300 may be claimed by a taxpayer who has reached the age of 70 before the close of the taxable year to which his or her tax return relates and an additional exemption of \$350 may be claimed by a taxpayer who has reached the age of 75 before the close of the taxable year to which his or her tax return relates.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.03 (2) (a) 1. of the statutes is amended to read:

2 71.03 (2) (a) 1. Every individual domiciled in this state during the entire
3 taxable year who has a gross income at or above a threshold amount which shall be
4 determined annually by the department of revenue. The threshold amounts shall
5 be determined for categories of individuals based on filing status and age, and shall
6 include categories for single individuals; individuals who file as a head of household;
7 married couples who file jointly; and married persons who file separately. The
8 threshold amounts shall also be determined by taking into account the exemption
9 amounts in s. 71.05 (23) (b) 1., 3., 4., and 5. The department of revenue shall establish
10 a threshold amount for each category of individual at an amount at which no
11 individual in that category whose gross income is below that amount has a state
12 income tax liability.

13 **SECTION 2.** 71.05 (23) (b) 3. of the statutes is amended to read:

14 71.05 (23) (b) 3. An Except for a taxpayer or his or her spouse who claims the
15 exemption under subd. 4. or 5., an additional exemption of \$250 if the taxpayer has
16 reached the age of 65 before the close of the taxable year to which his or her tax return
17 relates and \$250 for the taxpayer's spouse if he or she has reached the age of 65 before
18 the close of the taxable year to which his or her tax return relates, except if the spouse
19 is filing separately or as a head of household.

20 **SECTION 3.** 71.05 (23) (b) 4. of the statutes is created to read:

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1 71.05 (23) (b) 4. Except for a taxpayer or his or her spouse who claims the
2 exemption under subd. 5., an additional exemption of \$300 if the taxpayer has
3 reached the age of 70 before the close of the taxable year to which his or her tax return
4 relates and \$300 for the taxpayer's spouse if he or she has reached the age of 70 before
5 the close of the taxable year to which his or her tax return relates, except if the spouse
6 is filing separately or as a head of household.

7 **SECTION 4.** 71.05 (23) (b) 5. of the statutes is created to read:

8 71.05 (23) (b) 5. An additional exemption of \$350 if the taxpayer has reached
9 the age of 75 before the close of the taxable year to which his or her tax return relates
10 and \$350 for the taxpayer's spouse if he or she has reached the age of 75 before the
11 close of the taxable year to which his or her tax return relates, except if the spouse
12 is filing separately or as a head of household.

13 **SECTION 5. Initial applicability.**

14 (1) This act first applies to taxable years beginning on January 1 of the year
15 in which this subsection takes effect, except that if this subsection takes effect after
16 July 31 this act first applies to taxable years beginning on January 1 of the year
17 following the year in which this subsection takes effect.

18 **(END)**

Northrop, Lori

From: Johnson, Dan (Legislature)
Sent: Tuesday, December 07, 2004 2:41 PM
To: LRB.Legal
Subject: Draft review: LRB 05-0725/1 Topic: Increase the individual income tax personal exemption for older taxpayers

It has been requested by <Johnson, Dan (Legislature)> that the following draft be jacketed for the SENATE:

Draft review: LRB 05-0725/1 Topic: Increase the individual income tax personal exemption for older taxpayers